

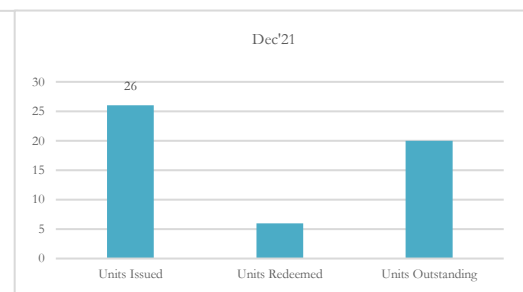
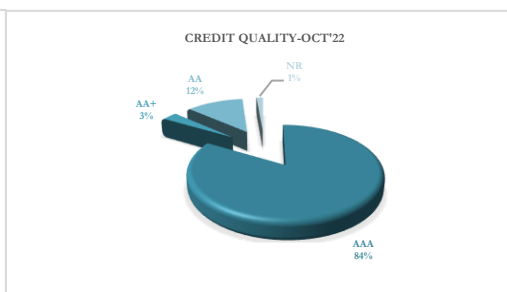
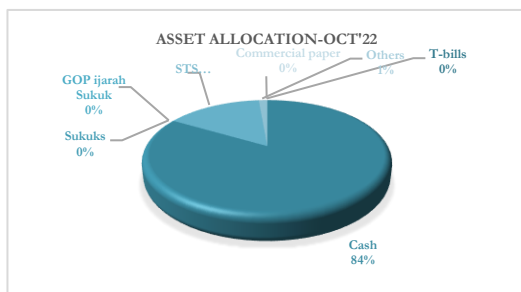
Date: December 29, 2022

Analysts: Asfia Aziz

Investment Objective

To generate competitive returns with minimum risk for its unitholders by investing in low risk, liquid, short tenor fixed shariah compliant income securities

NIT Islamic Money Market Fund	
Rating Action	Reaffirmed
Fund Stability Rating	AAA (f)
	<i>December 29, 2022</i>
Asset Management Company	NIT Limited
External Auditor - Fund	EY Ford Rhodes
Fund Manager	Khurram Aftab
Head of Fixed Income	Shoaib A. Khan
Trustee	Central Depository Company
Front-end Load	Up to 1% of NAV
Back-end Load	Nil
Management Fee	Up to 2% of gross earnings (minimum 0.05% and maximum 0.75% of net assets)
Benchmark	3-Mth Average Deposit rate of three AA rated Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP



NIT Islamic Money Market Fund is an open ended Shariah compliant money market scheme launched in September 2021 managed by National Investment Trust Limited (NIT). The fund's objective is to generate competitive returns for its investors through deploying in investments in short-term and low risk oriented shariah compliant investment avenues.

Investment decisions for the fund are made by the Investment Committee (IC) comprising of MD, COO, Head of Fixed Income, Head of Research, fund manager, Head of Compliance and Risk Management department.

As of October' 2022, net assets under management grew to Rs. 5.2b (June'22: Rs. 2.6b) owing to higher investor appetite in the interest rate driven market.

Table 1: Offering Document (extract)

	Limits (%)	Min. Rating
Shariah compliant Islamic Commercial Paper	0% - 20%	AA
Shariah Compliant Government Securities	0% - 90%	Not Rated
Cash and Cash equivalents: Shariah compliant Government Securities with maximum maturity of 90 days and cash with Islamic banks/Windows of Islamic Banks	10%-100%	AA or above bank deposits
Secured, unsecured, Listed, Unlisted and privately placed Shariah Compliant money market securities including sukuks issued by Federal Govt., Provincial Govt., Local Govt., Govt. Agencies, Autonomous Bodies, public sector entities, and private sector entities.	0%-90%	AA or above
Shariah compliant Money market instruments such as Islamic TDR, Certificate of Islamic Investments (COII), Certificates of Musharaka (CoM), Islamic Certificates of Deposit (CoD), etc. with Islamic Commercial Banks and Islamic DFIs or Islamic windows of Commercial banks and	0%-90%	AA

DFIs		
Cash and Cash equivalents: Shariah compliant Government Securities with maximum maturity of 90 days and cash with Islamic banks/Windows of Islamic Banks	0%-100%	AA or above
Shariah Compliant Placements of funds (including TDR, PLS Saving deposit, COD, COM, COI, Money Market Placements and other clean placements of the funds) with all microfinance banks, non-banking finance companies and Modarabas.	0%-25%	AAA
Any other Shariah compliant investment which may be authorized by the Fund's Shariah Advisors and SECP	0%-As specified by SECP	AA

Asset Allocation:

The scheme aims to deploy assets in short tenor Shairiah compliant money market securities, Sukuks, Islamic TDRs, COD, COM, COI, Money Market Placements and other clean placements of the funds) with all microfinance banks, non-banking finance companies and Modarabas. During 10MFY22 (Since inception) and the current 4MFY23 (YTD), the fund's actual asset allocation majorly remained compliant to the requisites of the offering document and VIS criteria. On a month-on-month average analysis, 92% of the fund's investment portfolio remained concentrated in cash balances (AAA, AA+ and AA rated bank deposits) while the remaining was deployed in Islamic Commercial Paper and Short term Sukuk.

Table 2: Actual Asset Allocation

Asset Allocation	Oct'22	12M Average (Nov'21-Oct'22)
Cash	83.4%	86.4%
Islamic Commercial Paper	0%	4.1%
Short Term Sukuk	15.2%	8.4%
Others	1.4%	1.1%

Credit Quality:

The fund's operational policy requires the fund to take exposure in instruments and investment avenues that are rated minimum AA. Credit quality requisites of the fund remained in line with the operational policy of the fund, since its inception, the fund's credit quality has remained concentrated by an average of 86.4% in AAA rated issue/issuer (bank deposits). VIS criteria for a AAA rated fund requires the fund to maintain a minimum 85% of the

asset base in AAA rated exposures. The fund majorly complied with VIS Criteria barring some minor breaches with slightly less than 85% exposure in AAA rated issuer/issue during the review period.

Table 3: Actual Credit Quality

Credit Quality	12M Average (Nov'21-Oct'22)	Max	Min
AAA	84.3%	92.0%	67.0%
AA+	6.5%	24.9%	0%
AA	7.5%	14.4%	0%
Other Assets	1.8%	8.2%	0.6%

Modified Duration:

To minimize losses in case of any adverse movement in discount rate, weighted average maturity (WAM) of the fund is capped at 90 days; while time to maturity of any asset shall not exceed 6 months as per the fund's IPS. On average WAM of the fund for 10MFY22 stood at 10 days. The fund remained compliant with the aforementioned criteria along with VIS Criteria (maximum 45 days) for modified duration.

Liquidity:

As of September'22, there were a total of 496 investors in the fund out of which 96% are retail based while the remaining are unrelated corporates. Top-10 investors AUM constituted 72% of the total investment portfolio of the fund at end-Sep'22 depicting higher concentration risk, however given that majority of the fund's assets are placed in cash balances and liquid placements, the fund's ability to meet redemptions in considered sound for the assigned rating.

Fund Performance:

Performance of the fund is benchmarked against 3-month average Deposit rate of three AA rated Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP.

The fund generated a FY22 (YTD) return of 10.2%, outperforming its benchmark of 3.8%. The fund was ranked 2/15 amongst its peers for the same period. Sustainability of the fund's performance against its benchmark and peer average will remain important for the rating going forward.

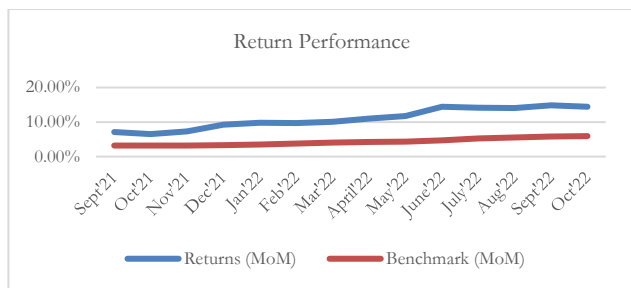


Table 4: Fund Performance

Performance	10MFY22 (YTD)	4MFY23 (YTD)
Total Return	10.23%	14.65%
Benchmark Return	3.78%	5.61%

BALANCE SHEET		Dec'21
Paid Up Capital`		NA
Total Equity		NA
INCOME STATEMENT		
Total income		31
Profit Before Tax		29
Profit After Tax		29
RATIO ANALYSIS		
Net Cash Generated from Operating Activities		(129)
Current Ratio (x)		NA
Gearing (x)		NA

RATING SCALE & DEFINITIONS: **FUND STABILITY RATING SCALE**

AAA(f)

Highest degree of stability in NAV. Risk is negligible with very low sensitivity to changing economic conditions

AA+(f), AA(f), AA-(f)

High degree of stability in NAV. Risk is modest but may vary slightly from time to time because of changing economics conditions

A+(f), A(f), A-(f)

Moderate degree of stability in NAV. Risk factors may vary with possible changes in the economy

BBB+(f), BBB(f), BBB-(f)

Adequate degree of stability in NAV. Risk factors are considered variable if changes occur in the economy

BB+(f), BB(f), BB-(f)

Low degree of stability in NAV. Risk factors are sensitive to changes in the economy

B(f)

Very low degree of stability in NAV. Risk factors are capable of fluctuating widely if changes occur in the economy

The FSR scale of AAA to B is appended by the letter (f) to denote fund ratings and to differentiate it from the nomenclature used for issue and issuer ratings.

FSRs may be placed under 'Rating-Watch' if VIS views that the status of the assigned rating is uncertain and there are conditions present that necessitate re-evaluation of the assigned rating. VIS also designates direction, Positive, Negative or Developing, to ratings placed under 'Rating-Watch'. This shows VIS's opinion regarding the likely direction of a rating. Developments in factors other than those that necessitated the 'Rating-Watch' may result in a rating change, while the rating continues to be placed under 'Rating-Watch'.

REGULATORY DISCLOSURES		Appendix		
Name of Rated Fund	NIT Islamic Money Market Fund			
Sector	Mutual Funds			
Type of Relationship	Solicited			
Purpose of Rating	Fund Stability Rating (FSR)			
Rating History	Rating Date	Medium to Long Term	Outlook	Rating Action
	29-Dec-22	AAA (f)		Reaffirmed
	26-May-22	AAA (f)		Initial
Instrument Structure	N/A			
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.			
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.			
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